GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:733
ANSWERED ON:25.02.2009
BANKING OMBUDSMAN SCHEME
Singh Shri Uday

Will the Minister of FINANCE be pleased to state:

(a) whether in view of the increasing number of complaints relating to the Internet Banking, the Reserve Bank of India proposes to widen the scope of its Banking Ombudsman Scheme, 2006 to include deficiencies arising out of Internet Banking;

(b) if so, the details thereof;

(c) whether RBI has simplified the format for lodging complaints to the Banking Ombudsman;

(d) if so, the details thereof; and

(e) the steps taken by the Government to put a check on Internet Banking Frauds?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Reserve Bank of India (RBI) has amended the Banking Ombudsman Scheme, 2006 vide Notification dated February 3, 2009. Clause (8) of Banking Ombudsman Scheme, 2006 (i.e. grounds of complaints) has been amended to include the complaints arising out of internet banking.

(c) to (e): Yes Sir, However, RBI has advised that the submission of complaint in the prescribed format is not mandatory and complainant has the option to lodge the complaint with the Banking Ombudsman on the plain paper or through e-mail or on line. Further, if the complainant desires to use a specific format for lodging complaint, he may use the simplified format.

Reserve Bank of India as a part of its supervisory process has issued a number of guidelines circulars to all the commercial banks on the modus operandi so that adequate safeguards could be taken by them to prevent/reduce the incidence of frauds in banks.Some of the important measures taken by RBI are furnished below:

(i) RBI had issued guidelines/caution circulars on internet banking, observance of KYC norms and also issued modus operandi circulars in this regard.

(ii) RBI had issued guidelines on internet banking to all commercial banks vide circular dated June 14,2001 covering technology and security standards, legal issues and regulatory/supervisory issues with regard to internet banking in India.

(iii) RBI had also issued a caution circular on February 16, 2006 to all commercial banks on phishing attacks.The circular contained details of the modus operandi on such attacks and minimum set of preventive/detective measures to tackle Phishing attacks.